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Witness Says U.S. Turned Its Back on Iran Talks

Date **29 Sept. '87**

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Special to The New York Times

WASHINGTON, Sept. 28 — Senior Reagan Administration officials ignored a real opportunity to pursue a new relationship with Iran because they felt intense political pressure to free the hostages held by pro-Iranian groups, a former White House consultant asserted in testimony before the Iran-contra committees.

The consultant, Michael A. Ledeen, initiated the discussions with the Israelis that led eventually to the Administration's secret arms sales to Iran. In his testimony, released today, he quoted the former Director of Central Intelligence, William J. Casey, as saying that for "internal Administration reasons, or the politics of Washington, as he put it, it was necessary to do the hostages first and get that out of the way and then pursue the other matter."

In the days after the arms dealings were first disclosed, President Reagan insisted that his policy was aimed at a broad opening to Iran, and was not a cynical trade of arms for hostages.

Warning on Arms Sale

But Mr. Ledeen said the Administration was so intent on rescuing the hostages, it ignored what may have been a serious overture in 1985 from a senior Iranian official.

This official, Mr. Ledeen said, met him in Europe and warned that the arms sales were strengthening the faction inside Iran most opposed to long-term American interests.

It is not clear whether this Iranian official, who Mr. Ledeen did not name, was trying to deceive the United States or was in fact the representative of a dissident faction. Some Government analysts have since expressed doubts that there are any groups in Iran willing to deal with the West.

The testimony was given in March, June and September, and a declassified version was released today.

As the testimony was made public, members the House investigative committee met to discuss a 1,000-page draft report prepared by the staffs of the two committees. A final report is to be published late next month.

Representatives who attended the meeting said that a clear majority subscribed to the main conclusions in the draft but that many Republicans disagreed with some of them. Representative Dick Cheney of Wyoming, the senior Republican on the panel, said after the meeting that the Republicans would file a section of dissenting views to accompany the final report.

Lawmakers familiar with the draft said that one of the main conclusions is that the driving force behind the continued arms sales to Iran was the desire of some officials to raise money for the rebels in Nicaragua.

The draft, according to the legislators, maintains that those officials manipulated the President into allowing the arms sales to continue over the objections of such senior officials as Secretary of State George P. Shultz and Secretary of Defense Caspar W. Weinberger.

According to Mr. Ledeen's testimony, senior Reagan Administration officials showed little interest in pursuing contacts with Iranian officials, preferring instead to concentrate their efforts on freeing the hostages.

Contacts Not Followed Up

Mr. Ledeen made the initial contacts with Israel that led to the Iran arms dealings. His involvement in the covert operation was ended in December 1985 by the White House and his contacts with the Iranian were not followed up by other officials.

Mr. Ledeen said that in the early phases of the Iran dealings, Mr. Casey was one of those who favored putting more effort into an overture to Teheran — an idea that President Reagan advanced in 1986 as the main justification for selling arms to Iran.

Mr. Ledeen said he met in Europe with the Iranian official in the fall of 1985, sometime before early November. The official told him that he and "a substantial number of his countrymen" wanted to improve relations between the United States and Iran and he said that with support from the United States, his faction could gain power through elections.

According to Mr. Ledeen's account, this official hoped to place his supporters in key positions in the Iranian Government, and said his faction would be bolstered if the United States would on occasion show he had its support. He asked for some means of communicating with United States officials that could not be overheard and some small arms. He provided Mr. Ledeen with a signed letter that included the names of other Iranians who might cooperate with the United States and asked for another meeting within 30 days.

Within a month, Robert C. McFarlane had resigned as national security adviser and his successor, Rear Adm. John M. Poindexter, had no interest in pursuing the contacts, Mr. Ledeen said.

In his testimony, Mr. Ledeen described the origins of the Iran arms dealings and his role in meeting with Israeli officials and with Manucher

Ghorbanifar, the first Iranian intermediary.

Mr. Ledeen said he doubted that Mr. Ghorbanifar was an Israeli agent, a charge made by both Clair George, the C.I.A.'s deputy director for operations, and Lieut. Col. Oliver L. Norfin.

Mr. Ledeen said the Israelis were as divided about the Iran dealings as the Administration. He noted that Mossad, the main intelligence agency, was opposed to selling arms to Teheran.

In the course of questioning Mr. Ledeen, the committee staff members described a meeting on Jan. 13, 1986 between Mr. Ghorbanifar and Charles Allen, a senior C.I.A. official.

It has been previously disclosed that Mr. Ghorbanifar was also proposing several other operations to the United States, including a plan to collect money from the Libyan leader, Muammar el-Qaddafi, for a faked assassination.

The committee questioners said that Mr. Ghorbanifar suggested to Mr. Allen that some of the money raised through this and other operations could help "Ollie's Boys" in Central America. This is the first time the Libyan sting, which was never carried out, has been linked to contra funding.

In his testimony, Mr. Ledeen emphatically denied having received any money from the Iran arms dealings.

Some participants had speculated that he had received a commission in electronic memos. Arthur L. Liman, the committee counsel, said in September that the panel had found no evidence to support those charges.